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BEFORE THE ARIZONA CORPORATION CC
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COMMISSIONERS

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Arizona Corporation Commission

DOCKETED

JAN 24 2011

Gary Pierce - Chairman
Bob Stump
Paul Newman
Sandra D. Kennedy
Brenda Burns

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY AT
COOLIDGE, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-06-0317

**REQUEST FOR ADDITIONAL TIME
FOR COMPLIANCE FILING**

Decision No. 69386, which was entered in this docket on March 22, 2007 (the "Decision"), approved Arizona Water Company's (the "Company"), application for an extension of its certificate of convenience and necessity for its Coolidge system. The second and third paragraphs of the Decision, at page 13, conditioned the approval of the extension on the conditions stated therein, namely, that the Company file a copy of the first approval to construct the facilities needed to serve the proposed extension area as issued by the Arizona Department of Environmental Quality, and a copy of the first developer's certificate of assured water supply ("CAWS"), within one year of the effective date of the Decision.

On January 8, 2008 the Company filed a copy of the first approval to construct facilities needed to serve the extension area. In addition, by an order entered on March 4, 2008 the Commission extended until March 27, 2009 the deadline for the Company to file a copy of the first developer's CAWS. Subsequently, in Decision No. 70950, entered by the Commission on April 7, 2009 the Commission extended the deadline for the Company's filing of a copy of the first developer's CAWS until March 22, 2011.

The Company is now requesting an additional two (2) year period, until March 22, 2013 to comply with the only remaining compliance item under the Decision, that is, the requirement that

1 it file a copy of a CAWS for the first developer on or before March 22, 2011. In support of its
2 request, the Company respectfully represents as follows:

- 3 1. For the 16,275 acre extension area approved in the Decision, the Company has filed
4 all but one of the required compliance items under the Decision; therefore, it has
5 already substantially complied with the compliance requirements of the Decision.
- 6 2. The Company is currently serving eight (8) customers in the expansion area
7 approved by the Decision.
- 8 3. It is attaching hereto as Exhibits A1 through A28, inclusively, letters from property
9 owners or property owner representatives of/for a substantial amount of the real
10 property located in the expansion area, documenting their continuing need and
11 desire to obtain water service from the Company in order to be able to develop their
12 property. In addition, attached hereto as Exhibit B is a copy of an Arizona
13 Department of Water Resources' approval of a service area right for the Coolidge
14 Airport system that the Company is now serving as part of the CCN expansion area
15 pursuant to a lease agreement with the City of Coolidge. The Company submits that
16 this water service arrangement is important to the City, that the service area right
17 was obtained with the City's cooperation, and is further evidence of the continuing
18 desire and need for the Company's provision of water service in the expansion area.
- 19 4. The Department of Water Resources has approved (and a copy is attached hereto as
20 Exhibit C) a physical availability demonstration ("PAD") for the Company's Pinal
21 Valley System, which includes the expansion area approved by the Decision. While
22 the PAD is not a Certificate of Assured Water Supply, it is a precursor to, and a
23 necessary requirement for obtaining a CAWS. Therefore, the Company submits
24 that the PAD, and ADWR's approval of it, constitutes substantial compliance with
25 this post-Decision condition, particularly in view of the other matters presented
26 herein in support of the Company's request.
- 27 5. As the Commission Staff observed in its response to a motion filed by a developer
28 in another water utility's request for additional time approved by the Commission in

1 Docket No. W-01732A-05-0532 (see Finding of Fact No. 14 on page 3 of Decision
2 No. 71861 docketed September 1, 2010, Staff response filed on May 8, 2009), "the
3 downturn in the economy has put a damper on much of the development in this
4 state." In addition, the continuing economic downturn in Arizona was considered by
5 the Commission in its approval of new rates for the Company on August 25, 2010,
6 in Decision No. 71845. This economic downturn is a fact which did not exist when
7 the Decision was entered and one over which the Company (and many other water
8 and sewer utilities who have compliance obligations and have had to request CCN
9 compliance extension deadlines) and the Commission have no control. The
10 Company submits that this unfortunate economic reality should be an important
11 determinant in the Commission's consideration of the Company's request.
12 Furthermore, the continued existence of the Company's CCN for the extension area
13 supports the slowly improving development market; conversely, the withdrawal of
14 the CCN would be harmful to the development recovery. Indeed, the property
15 owner letters attached to this request confirm the owners' plans to develop their
16 property in reliance on the Company's CCN.

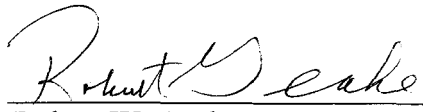
17 The Company believes, and therefore submits that the foregoing:

- 18 a. Provides sufficient support for its request.
- 19 b. Confirms the existence of extraordinary circumstances, and justifies its
20 request for additional time.

21 Therefore, the Company respectfully requests that it be given an additional period of time
22 of two years to March 22, 2013 to file the remaining required compliance item in connection with
23 extension area approved by the Decision.

1 RESPECTFULLY SUBMITTED this 24TH day of January 2011.

2 **ARIZONA WATER COMPANY**

3
4 By: 
5 Robert W. Geake
6 Vice President and General Counsel
7 ARIZONA WATER COMPANY
8 Post Office Box 29006
9 Phoenix, Arizona 85038-9006
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1 Original and thirteen (13) copies of the foregoing filed this 24TH day of January 2011 with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5 A copy of the foregoing was hand delivered this 24TH day of January 2011 to:

7 Janice Alward, Chief Counsel
8 Legal Division
9 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

10 Steve Olea, Director
11 Utilities Division
12 Arizona Corporation Commission
1200 West Washington Street
13 Phoenix, Arizona 85007

14 Brian Bozzo
15 Compliance Director
16 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

17
18
19 By: 
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EXHIBIT A-1

Lela Anderson
1207 S. sycamore Ave.
Los Angeles, CA 90019

Date: 8/19/2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 400-36-003B which I own. I still need and desire to receive water service from Arizona Water Company to serve this parcel. I hope that the market will improve so that I can begin development within the next two (2) years.

Sincerely,

Lela Anderson

BY: Lela Anderson

ITS: _____

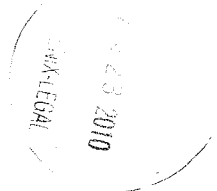


EXHIBIT A-2

Irie Anderson
1207 S. Sycamore Ave.
Los Angeles, CA 90019

Date: 8/19/2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 400-36-003C which I own. I still need and desire to receive water service from Arizona Water Company to serve this parcel. I hope that the market will improve so that I can begin development within the next two (2) years.

Sincerely,

Irie Anderson

BY: Irie Anderson, La

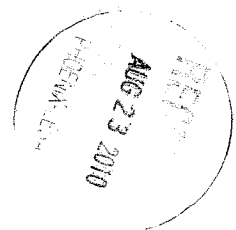


EXHIBIT A-3

Babbitt Family Trust
2566 N. Mesa Drive
Mesa, AZ 85201

Date: 07/30/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-33-001E which Babbitt Family Trust owns. Babbitt Family Trust still needs and desires to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Babbitt Family Trust

BY: *Barbara Babbitt*

ITS: Trustee

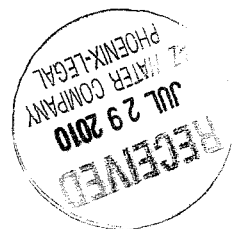


EXHIBIT A-4

New Address
P.O. Box AK

Helen Breck
~~2560 14th Ave.~~
Carmel, CA 93923



Carmel CA 93921

Date: *October 4, 2010*

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 400-38-003 which I own. I need and desire to receive water service from Arizona Water Company to serve this parcel. I hope that the market will improve so that I can begin development within the next two (2) years.

Sincerely,
Helen Breck
Helen Breck

BY: _____

EXHIBIT A-5

Vincent & Madaline Carol Cardinal
21247 S. 140th Street
Chandler, AZ 85249

Date: Aug. 20, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-35-007 which we own. We still need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Vincent & Madaline Carol Cardinal

BY: Vincent Cardinal

BY: Madaline Carol Cardinal



EXHIBIT A-6

Chandler Boys Ventures LLC
1071 E. Ivanhoe Street
Gilbert, AZ 85296

Date: 8/10/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

Chandler Boys Ventures LLC is following up with you regarding Pinal County Assessor's Parcel No(s): 209-28-001 which Chandler Boys Ventures LLC owns. Chandler Boys Ventures LLC still needs and desires to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Chandler Boys Ventures LLC


BY: 
ITS: Managing Director



EXHIBIT A-7

City of Coolidge
130 W. Central Ave.
Coolidge, AZ 85228

Date: 8/6/2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

The City of Coolidge is following up with you regarding Pinal County Assessor's Parcel No(s): 400-38-005, 400-39-001 which the City of Coolidge owns. The City of Coolidge still needs and desires to receive water service from Arizona Water Company to serve these parcels.

Sincerely,

City of Coolidge

BY: 

ITS: CHARLES ACTON BRUCE
ACTING AIRPORT MANAGER

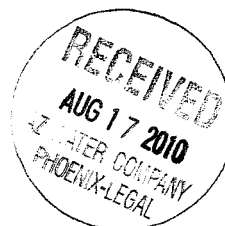


EXHIBIT A-8

Coolidge Holding LLC
2235 Faraday Ave, Suite O
Carlsbad, CA 92008



Date: August 5, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

Coolidge Holding LLC is following up with you regarding Pinal County Assessor's Parcel No(s): 401-21-001, 401-21-005 which Coolidge Holding LLC owns. Coolidge Holding LLC still needs and desires to receive water service from Arizona Water Company to serve these parcels. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Coolidge Holding LLC

BY: [Signature]
ITS: Authorized Representative

SCANNED

FILE COPY

EXHIBIT A-9

Deborah Crow
P.O. Box 2372
Arizona City, AZ 85223

Date: 7/30/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-029 which I own. I still need and desire to receive water service from Arizona Water Company to serve this parcel. I hope that the market will improve so that I can begin development within the next two (2) years.

Sincerely,

Deborah Crow

BY: Deborah Crow



EXHIBIT A-10

Michael & Judy Lynch
P.O. Box 3086
Casa Grande, AZ 85222

Date: 8/20/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-36-001A, 401-36-001B, 401-36-002C, 401-36-002D we own. WE still need and desire to receive water service from Arizona Water Company to serve these parcels. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Michael & Judy Lynch

BY: Michael Lynch

BY: Judy Lynch



EXHIBIT A-11

M&G Farms
550 W. Taylor Ave.
Coolidge, AZ 85128

Date: 8-10-10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

M&G Farms is following up with you regarding Pinal County Assessor's Parcel No(s): 401-21-023 which M&G Farms own. M&G Farms still needs and desires to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

M&G Farms

BY:

Guenter Morrey

ITS:



M&I Marshall & Isley Bank
770 N. Water Street
Milwaukee, WI 53202

Date: July 27, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

M&I Marshall & Isley Bank is following up with you regarding Pinal County Assessor's Parcel No(s): 401-01-037S, 401-01-037T, 401-01-037U which M&I Marshall & Isley Bank owns. M&I Marshall & Isley Bank still needs and desires to receive water service from Arizona Water Company to serve these parcels. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

M&I Marshall & Isley Bank

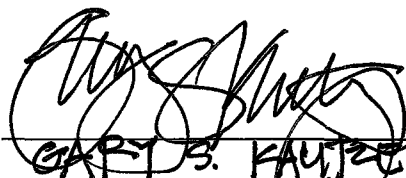
BY: 
ITS: GARY S. FAUTZER
VICE PRESIDENT



EXHIBIT A-13

Nicki Nelson
3627 E. Gurr Lane
Coolidge, AZ 85228

Date: 7/29/2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 401-35-003X which I own. I still need and desire to receive water service from Arizona Water Company to serve this parcel. ~~I hope that the market will improve so that I can begin development within the next two (2) years.~~ My parcel

is developed & served by a shared well with
VERY HARD WATER! WOULD LOVE to have
Arizona water service!

Sincerely,

Nicki Nelson

BY:

Nicki Nelson



EXHIBIT A-14

Carlos & Nadine Ochoa
P.O. Box 3116
Casa Grande, AZ 85222

Date: _____

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-012 which we own. We still need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Carlos & Nadine Ochoa

BY: _____

BY: _____



EXHIBIT A-15

On Fire Investments V, LLC
2685 Korea Ct.
Henderson, NV 89052

Date: 1-7-2011

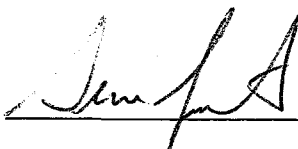
Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

On Fire Investments V, LLC is following up with you regarding Pinal County Assessor's Parcel No(s): 401-01-037E, 401-01-037N, 401-01-037P which On Fire Investments V, LLC owns. On Fire Investments V, LLC still needs and desires to receive water service from Arizona Water Company to serve these parcels. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

On Fire Investments V, LLC

BY: 
ITS: MANAGER

* SO THERE IS NO MISUNDERSTANDING WE ARE NOT DEVELOPERS,
JUST LAND BUYERS/SALEMS AND THIS LETTER DOES NOT BIND US
TO ANY DOWNS CONTRIBUTION OR FUNDING FROM US TO AWC.

EXHIBIT A-16

Jose Antonio & Dionne Palomino
P.O. Box 11038
Casa Grande, AZ 85038

Date: 9/2/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-018 which we own. We still need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Jose Antonio & Dionne Palomino

BY: Jose Antonio Palomino
BY: Dionne Palomino



Pheasant Farm LLC
8250 N. 61st Place
Paradise Valley, AZ 85253

Date: 7/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

Pheasant Farm LLC is following up with you regarding Pinal County Assessor's Parcel No(s): 401-38-006G which Pheasant Farm LLC owns. Pheasant Farm LLC still needs and desires to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Pheasant Farm LLC

BY: Lowell Berry
ITS: owner/manager



Mary Rickson
1277 Avenida Sevilla, #2B
Walnut Creek, CA 94595

Date: September 21, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No.: 400-38-003, which I own with my sister Helen Breck. We need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development of the property in the near future.

Sincerely,

Mary B. Rickson
Mary Rickson



RIVER CO-OPERATIVE GIN, INC.

P.O. BOX 545

COOLIDGE, AZ 85128-0010

Date: 7-28-10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

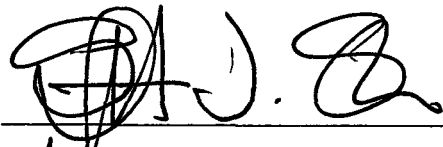
Dear Mr. Geake:

River Co-Operative Gin, Inc. is following up with you regarding Pinal County Assessor's Parcel No(s): 209-28-004 which River Co-Operative Gin, Inc. owns. River Co-Operative Gin, Inc. still needs and desires to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

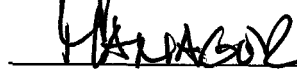
Sincerely,

River Co-Operative Gin, Inc.

BY:



ITS:



Theodore Rudnyk
10143 E. Clinton Street
Scottsdale, AZ 85260

Date: AUGUST 7, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-042 which I own. I still need and desire to receive water service from Arizona Water Company to serve this parcel. I hope that the market will improve so that I can begin development within the next two (2) years.

Sincerely,

Theodore Rudnyk

BY: *Theodore Rudnyk*



EXHIBIT A-21

Fred & Patricia Sells
P.O. Box 41
Coolidge, AZ 85128

Date: 8-6-10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-035 which Fred & Patricia Sells owns. Fred & Patricia Sells still needs and desires to receive water service from Arizona Water Company to serve these/this parcel/s. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Fred & Patricia Sells

BY: 

ITS: _____



SCANNED

Wesley Alan & Kelli Lynn Sunderhaus
4852 E. Enrose
Mesa, AZ 85205

Date: 07/26/2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-35-003K which we own. We still need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Wesley Alan & Kelli Lynn Sunderhaus

BY: Wesley A Sunderhaus
BY: Kelli Sunderhaus



EXHIBIT A-23

Triple S Enterprises
741 N. Monterey
Gilbert, AZ 85233

Date: 8/10/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

Triple S Enterprises is following up with you regarding Pinal County Assessor's Parcel No(s): 401-21-025A, 401-21-025B which Triple S Enterprises owns. Triple S Enterprises still needs and desires to receive water service from Arizona Water Company to serve these parcels. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Triple S Enterprises

BY: Ran McLean

ITS: ptt



EXHIBIT A-24

Ramon Valenzuela
P.O. Box 286
Queen Creek, AZ 85242

Date: 7-28-10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

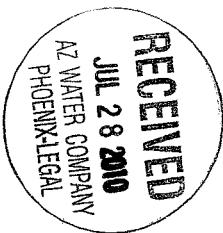
Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-002 which I own. I still need and desire to receive water service from Arizona Water Company to serve this parcel. I hope that the market will improve so that I can begin development within the next two (2) years.

Sincerely,

Ramon Valenzuela

BY: Ramon Valenzuela





July 29, 2010

Arizona Water Company
Attn: Robert W. Geake, General Counsel
3805 N. Black Canyon Highway
Phoenix, Arizona 85015

Subject: Pinal County Assessor's Parcel Number: 401-21-0380

Dear Mr. Geake,

Walton Development & Management (USA), Inc. has reviewed the letter dated July 19, 2010, submitted by your office to Walton International Group (USA), Inc. regarding parcel number 401-21-0380.

Please consider this letter as Walton International Group's support of Arizona Water Company's petition to amend its existing Certificate of Convenience and Necessity ("CCN") in order to provide service to additional lands in Coolidge, Arizona. Walton Development and Management looks forward to negotiating water service agreements with Arizona Water Company in 2011.

Please contact me at (480) 586-9370 should you have any questions.

Sincerely,
Walton Development & Management (USA), Inc.

A handwritten signature in black ink that reads "Andrew Gasparro". The signature is written in a cursive, flowing style.

Andrew Gasparro
Community Planning Manager - Arizona

AG
Enclosure

CC: Tim Terrill, Chief Operating Officer
Benjamin Belkin, General Manager

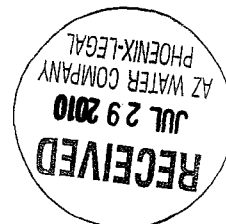


EXHIBIT A-26

Thomas & Annette Wormley
3715 E. Sagebrush Ave.
Queen Creek, AZ 85240

Date: 7-27-10

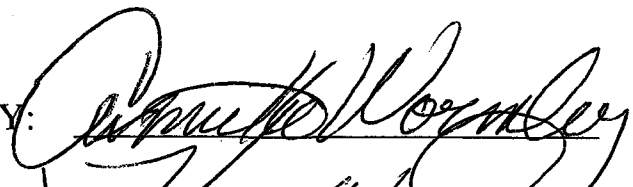
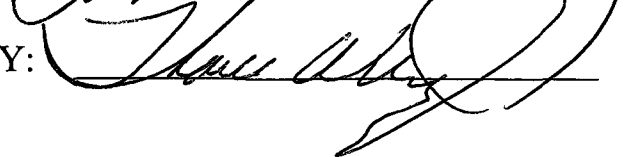
Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-01-031U which we own. We still need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

Thomas & Annette Wormley

BY: 
BY: 



Youree Family Tr
13823 E. Vista Verde
Chandler, AZ 85

9/25/10
Sorry I mislaid the
letter & had so many
things happening in our
lives, I forgot this
letter.

Hope it is not too
late!

Bonnie
Youree

Date: 8/20/10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

I am following up with you regarding Pinal County Assessor's Parcel No(s):
401-01-033E, 401-01-033F which Youree Family Trust owns. Youree Family
Trust still needs and desires to receive water service from Arizona Water Company
to serve these parcels. We hope that the market will improve so that we can begin
development within the next two (2) years.

Sincerely,

Youree Family Trust

BY: Robert Youree

ITS: Trustee



David & Linda Zarate
1614 E. Daisy Street
Casa Grande, AZ 85122

Date: 8-9-10

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

We are following up with you regarding Pinal County Assessor's Parcel No(s): 401-56-027 which we own. We still need and desire to receive water service from Arizona Water Company to serve this parcel. We hope that the market will improve so that we can begin development within the next two (2) years.

Sincerely,

David & Linda Zarate

BY: *Linda J. Zarate*
BY: _____



EXHIBIT B

ARIZONA DEPARTMENT OF WATER RESOURCES
3550 North Central Avenue, Phoenix, Arizona 85012
Telephone 602 771-8586
Fax 602 771-8689



Janet Napolitano
Governor

Herbert R. Guenther
Director

November 14, 2008

Arizona Water Company
Attn: Tom Harrell
PO Box 29006
Phoenix, AZ 85038

RE: Approval of Service Area Right No. 56-001362.0000
Arizona Water Company – Coolidge Airport System

Dear Small Municipal Provider:

The Department of Water Resources (Department) has reviewed all the information pertaining to the operation of your water service and has granted a new service area right to Arizona Water Company-Coolidge Airport System. Your service area right number is 56-001362.0000.

Any person withdrawing groundwater from a non-exempt well is required to use a water measuring device to record rates of withdrawal, in order to provide or allow the computation of an annual volume of pumpage. The total volume of pumpage shall be reported on an Annual Water Withdrawal and Use Report (Annual Report). The Annual Report for withdrawals in calendar year 2008 will be due on March 31, 2009. Note that the Annual Report form will be mailed to you at the above-referenced address in January 2009.

This is also an Official Notice of the conservation requirements, distribution system requirements, and monitoring and reporting requirements for small providers. These requirements were established in the Third Management Plan (TMP) and became effective January 1, 2002.

As a municipal provider serving 250 acre-feet or less of water for non-irrigation use during a calendar year, you are a small municipal provider. Upon receipt of this notice, and continuing until the first compliance date for any substitute requirements in the Fourth Management Plan, you are required to comply with the conservation requirements for small municipal providers in section 5-111 of the TMP; the individual user requirements in section 5-112 of the TMP; the distribution system conservation requirements for small municipal providers in section 5-113 of the TMP; and the applicable monitoring and reporting requirements in section 5-114 of the TMP. Those requirements are set forth in the enclosed *Attachment TMP – Small Municipal Providers*.

You should be aware that if you begin serving more than 250 acre-feet of water per year for non-irrigation use during the third management period (2000 to 2010), you will become a large municipal provider. In that event, you will be required to comply with the conservation requirements for new large municipal providers and the distribution system requirements for large municipal providers beginning with the second full calendar year after you are given written notice of those requirements by the director.

Administrative Relief from Conservation Requirements



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EXHIBIT B

The Department has found the conservation requirements in the TMP to be equitable for most water users. However, there are two separate methods for seeking administrative relief from the conservation requirements if you believe you will be unable to comply with the requirements. You may request a VARIANCE or an ADMINISTRATIVE REVIEW.

1. VARIANCE

A person who requires additional time to comply with a conservation requirement may apply to the director for a VARIANCE from the requirement pursuant to A.R.S. § 45-574. The director may grant a variance for up to five years upon a showing of "compelling economic circumstances." An application for a variance must be filed within 90 days after the date you receive this notice.

2. ADMINISTRATIVE REVIEW


If you feel that a conservation requirement is unreasonable as applied to you, you may apply for an ADMINISTRATIVE REVIEW of the requirement pursuant to A.R.S. § 45-575(A). An application for administrative review under A.R.S. § 45-575(A) must be filed within 90 days after the date you receive this notice.

An administrative review may also be applied for at any time during the third management period if extraordinary circumstances not in existence as of the date of this notice make it unreasonable to require your compliance with a conservation requirement. If these circumstances should arise during the third management period, please contact the Pinal Active Management Area (AMA) for information and application procedures.

The Department has issued this service area right pursuant to A.R.S. § 45-492 of the Groundwater Code. The legal nature of the water withdrawn from your wells may be the subject of court action in the future as part of a determination of surface water rights in your area. If there are court proceedings that could affect your wells, you will be notified and be given the opportunity to participate.

If you have any questions regarding your conservation requirements or if you need an application form and information on the Variance or Administrative Review procedures, please contact the Pinal Active Management Area office at 520-836-4857.

Sincerely,


Sandra Fabritz-Whitney
Assistant Director

Enclosure



Printed on recycled paper. Each ton of recycled paper saves 7,000 gallons of water.

EXHIBIT C

JANICE K. BREWER

Governor



HERBERT R. GUENTHER

Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

Via Certified Mail

December 24, 2009

Mr. William Garfield, President
Arizona Water Company
3805 North Black Canyon Highway
Phoenix, Arizona 85015

**RE: Arizona Water Company Pinal Valley Water Service Area
Pinal County, Arizona (Pinal AMA)
Application for a Physical Availability Determination
ADWR #51-700444.0000**

Dear Mr. Garfield:

The Department has completed its review of your application for a Physical Availability Determination for Arizona Water Company Pinal Valley Service Area. The Department received the application on November 15, 2007. The study area locations are within Township 4 South, Range 8 East, within portion of Section 36; Township 4 South, Range 9 East, Sections 31, 32, 33; Township 5 South, Range 5 East, and portions of Sections 13, 14, 15, 16, 21 to 28 inclusive, 33, 34, 35, 36; Township 5 South, Range 6 East, Sections 13 to 36; Township 5 South, Range 7 East, Sections 12, 13, 14, 23 to 36; Township 5 South, Range 8 East, Sections 1, 2, portions of 3, 5, 6, 7 to 36 inclusive; Township 5 South, Range 9 East, Sections 4 to 10 inclusive, 15 to 22 inclusive, 27 to 36 inclusive; Township 5 South, Range 10 East, Sections 31, 32 & 33; Township 6 South, Range 3 East, Sections 10 to 16 inclusive, 21 to 28 inclusive, 33, 34, 35 & 36; Township 6 South, Range 4 East, Sections 16 to 21 inclusive, 28 to 33 inclusive portion of Sec. 36; Township 6 South, Range 5 East, Sections 1, 2, 3, 4, portion of Sec. 5, 9 to 16 inclusive, east half of Sec. 17 and 20 to 36 inclusive; Township 6 South, Range 6 East, Sections 1 to 36; Township 6 South, Range 7 East, Sections 1 to 36 inclusive; Township 6 South, Range 8 East, Sections 1 to 24 inclusive, 29, 30, 31 & 32; Township 6 South, Range 9 East, Sections 1 to 24 inclusive; Township 6 South, Range 10 East, Sections 5, 6, 7, 8, 17, 18, 19 & 20; Township 7 South, Range 3 East, Sections 1, 2, 3, 10 to 15 inclusive, 22 to 27 inclusive, 34, 35 & 36; Township 7 South, Range 4 East, Sections 1 to 36 inclusive; Township 7 South, Range 5 East, Sections 1 to 24; Township 7 South, Range 6 East, Sections 1 to 36 inclusive; Township 7 South, Range 7 East, Sections 1 to 7 inclusive, north half of Sections 8, 18, 19, 30, 21 & 32; Township 7 South, Range 8 East, Sections 5 & 6; Township 8 South, Range 6 East, Sections 1, 2, 3, 4, 9 to 16 inclusive, 21, 22, 23 & 24; Township 8 South, Range 7 East, Sections 4 to 9 inclusive, 17, 18, 19 & 20 and GSR B&M in Pinal County, Arizona.

In accordance with A.A.C. R12-15-702(D), the Department has determined that a minimum of 98,841 acre-feet per year of groundwater is physically available for 100 years under A.A.C. R12-15-716(B) for assured water supply purposes in the study area. Although you requested a volume of 103,485 acre-feet, after a review of the hydrologic study and all issued assured water supply determinations in the study area, the Department has concluded that 98,841 acre feet is physically available.

EXHIBIT C

Arizona Water Company Pinal Valley PAD
December 24, 2009
Page 2 of 2

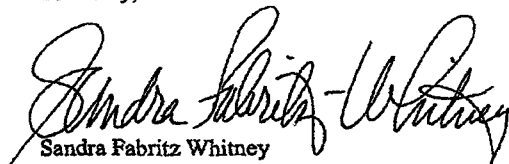
With regard to water quality for the purpose of A.A.C. R12-15-719(A), the provider you select must be regulated by the Arizona Department of Environmental Quality. With regard to water quality for the purpose of A.A.C. R12-15-719(B), the study area is not located within one mile of any known WQARF or Superfund site.

The results of the Department's review fulfill the requirements of R12-15-702(C) and may be cited in applications for determinations of assured water supply. Those applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701, et seq. For further information on those requirements, please contact the Office of Assured and Adequate Water Supply at (602) 771-8599.

As with all Physical Availability Determinations issued by the Department, changes in conditions or the accuracy of assumptions and information used in demonstrating physical availability may affect the validity of this determination. Changes in the number or locations of wells may impact applicability of this determination to future applications for determinations of assured water supply.

If you have any questions regarding this Physical Availability Determination, please contact the Office of Assured & Adequate Water Supply at (602) 771-8599.

Sincerely,



Sandra Fabritz Whitney
Assistant Director, Water Management

Via electronic mail:

cc: Steve Corell, scorell@clearcreekassociates.com
Clear Creek Associates

Steve Olea, solea@azcc.gov
Arizona Corporation Commission

Linda Taunt, taunt.linda@azdeq.gov
Arizona Department of Environmental Quality